

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

CITY OF TACOMA, a Washington
Municipal Corporation,

Plaintiff,

V.

Civil Action No. 05-62-GMS

WORLDGATE COMMUNICATIONS,
INC., a Delaware Corporation,

Defendant.

DEFENDANT AND COUNTERCLAIM PLAINTIFF WORLDGATE COMMUNICATIONS, INC.'S INITIAL DISCLOSURES

Defendant and Counterclaim Plaintiff WorldGate Communications, Inc. ("WorldGate"), by and through its undersigned counsel, hereby provides its initial disclosures pursuant to Rule 26 of the Federal Rules of Civil Procedure. These disclosures reflect WorldGate's good faith compliance with Rule 26 based on information reasonably available to it at this time. WorldGate's investigation of the facts pertaining to this matter is ongoing and WorldGate reserves its right to supplement and/or amend these disclosures at appropriate intervals. By making these initial disclosures, WorldGate does not concede the relevance of any of the information provided, and WorldGate does not waive any protections available pursuant to the attorney-client privilege, the work product doctrine, or any other applicable privileges. In addition, the information set forth below is provided without waiving (i) the right to object on any appropriate grounds to the use of any information disclosed or response herein for any purpose; and (ii) the right to object to any future discovery requests relating to the subject matter of the responses herein.

A. Rule 26(a)(1)(A) Disclosure

WorldGate reserves the right to designate or otherwise call as a witness at trial any witness contained in plaintiffs' Rule 26 disclosure.

James McLoughlin
Senior Vice President
c/o WorldGate

Mr. McLoughlin, Senior Vice President, may have information regarding the agreement between the City of Tacoma and WorldGate, including the terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

Peter Mondics
former Vice President of Sales and Marketing
c/o WorldGate

Mr. Mondics, a former employee and Vice President of Sales and Marketing of WorldGate, may have information regarding the agreement between the City of Tacoma and WorldGate, including the negotiation, terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

Rich Westerfer
Chief Operations Officer
c/o WorldGate

Mr. Westerfer, Chief Operations Officer of WorldGate, may have information regarding the agreement between the City of Tacoma and WorldGate, including the terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

Steve Bucholz
former Director of WorldGate
c/o WorldGate

Mr. Bucholz, a former employee and Director of WorldGate, may have information regarding the agreement between the City of Tacoma and WorldGate, including the negotiation, terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

Joel Boyarsky
Chief Financial Officer
c/o WorldGate

Mr. Boyarsky, the Chief Financial Officer, may have information regarding the agreement between the City of Tacoma and WorldGate, including the negotiation, terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

Dana Toulson
General Manager
City of Tacoma
3628 South 35th Street
Tacoma, Washington 98409-3192

Ms. Toulson may have information regarding the agreement between the City of Tacoma and WorldGate, including the negotiation, terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

Steven J. Klein
Superintendent
City of Tacoma
3628 South 35th Street
Tacoma, Washington 98409-3192

Mr. Klein may have information regarding the agreement between the City of Tacoma and WorldGate, including the negotiation, terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

Mark Crisson
Director of Utilities
City of Tacoma
3628 South 35th Street
Tacoma, Washington 98409-3192

Mr. Crisson may have information regarding the agreement between the City of Tacoma and WorldGate, including the negotiation, terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

Cyndi Wikstrom
Marketing Manager, Telecommunications
City of Tacoma
3628 South 35th Street
Tacoma, Washington 98409-3192

Ms. Wikstrom may have information regarding the agreement between the City of Tacoma and WorldGate, including the negotiation, terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

George S. Karavitis
Senior Assistant City Attorney
City of Tacoma
3628 South 35th Street
Tacoma, Washington 98409-3192

Mr. Karavitis may have information regarding the agreement between the City of Tacoma and WorldGate, including the negotiation, terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

Mark Bubenik
City of Tacoma
3628 South 35th Street
Tacoma, Washington 98409-3192

Mr. Bubenik may have information regarding the agreement between the City of Tacoma and WorldGate, including the negotiation, terms, performance and alleged termination of that agreement, and the services, equipment and/or benefits WorldGate provided to the City of Tacoma outside the scope of that agreement.

Mr. Jeff Votaw
City of Tacoma
3628 South 35th Street
Tacoma, Washington 98409-3192

Mr. Votaw may have information regarding the equipment and services WorldGate provided to the City of Tacoma.

Mr. Ken Ostrus
City of Tacoma
3628 South 35th Street
Tacoma, Washington 98409-3192

Mr. Ostrus may have information regarding the equipment and services WorldGate provided to the City of Tacoma.

Mr. Bernie Peterson
City of Tacoma
3628 South 35th Street
Tacoma, Washington 98409-3192

Mr. Peterson may have information regarding the equipment and services WorldGate provided to the City of Tacoma.

2. Fed. R. Civ. P. 26(a)(1)(B) Disclosure

In support of its defenses to plaintiff's claims and its counterclaims, WorldGate may use certain documents currently in its possession or control, including documents that fall within the following categories:

- a. The agreement between WorldGate and the City of Tacoma, including drafts of and amendments and supplements to that agreement;
- b. Documents relating to WorldGate's providing services and equipment to the City of Tacoma, including purchase orders, invoices, and requisition and payment documents; and
- c. Documents relating to the parties' communications about marketing and supporting WorldGate's products and services; and
- d. Documents relating to the parties' communications about reducing or discontinuing certain services under the Agreement.

3. Fed. R. Civ. P. 26(a)(1)(C) Disclosure

Because WorldGate's investigation is continuing and some of the information necessary may be in the custody, care or control of the City of Tacoma, WorldGate cannot provide a computation of damages or relief applicable to its counterclaim at this time.

4. Fed. R. Civ. P. 26(a)(1)(D) Disclosure

WorldGate is unaware at this time of the existence of any relevant insurance agreement under which any person carrying on an insurance business may be liable to satisfy part or all of a judgment which may be entered in this action or to indemnify or reimburse for payments made to satisfy the judgment.

DATED: January 4, 2006

MCCARTER & ENGLISH LLP
Michael P. Kelly (Del. Bar #2295)
Christopher A. Selzer (Del. Bar #4305)
919 North Market Street
Suite 1800
P.O. Box 111
Wilmington, DE 19899
(302) 984-6300

MORGAN LEWIS & BOCKIUS LLP
John F. Schultz (admitted pro hac vice)
1701 Market Street
Philadelphia, PA 19103-2921
(215) 963-5000

By: 

John F. Schultz

Attorneys for WorldGate Communications, Inc.